

HARTNELL COLLEGE



OFFICE OF ADMINISTRATIVE SERVICES

March 14, 2001

Honorable Robert O'Farrell, Presiding Judge
Superior Court of Monterey County
PO Box 1819
Salinas, Ca 93902

Dear Judge O'Farrell:

The 2000 Monterey County Civil Grand Jury issued findings and recommendations relating to the "Use of California State Lottery Funds in Monterey County" together with a request that the District respond to their findings and recommendations by April 2, 2001.

Following your inquiry into our accounting for Lottery funds, we thoroughly researched the codes and regulations as well as our procedures to assure that our Lottery usage and accounting are in compliance. We are satisfied that we have followed proper procedure in the past. We are also satisfied that we are in compliance with the new Cardenas Textbook Act of 2000 retroactively applied to the first year (which is 1998-99). Accordingly, the responses to your findings and recommendations are based upon the results of our extensive review.

The District's response to the four findings and two recommendations follows:

FINDING NO. 1. Sixteen of the 19 responding school districts and one community college responding to the Grand Jury's survey spend Lottery funds on employee salaries.

RESPONSE: As reported to the Grand Jury in our letter dated March 13, 2000, the District has never funded employee salaries from Lottery proceeds.

FINDING NO. 2. At the time of the Grand Jury's survey, there was no evidence that any lottery education revenues were being spent for prohibited purposes in Monterey County.

RESPONSE: We agree with the Grand Jury finding as it pertains to the Hartnell Community College District.

FINDING NO. 3. *Four of the 19 responding school districts place lottery moneys in their general funds without further tracking. This does not comply with the California Government Code, Section 8880.5. In addition, these school districts will be unable to verify compliance with the Cardenas Textbook Act of 2000.*

RESPONSE: This finding pertains only to responding school districts. Hartnell Community College District responded as a Community College. The District has always accounted for Lottery funds in accordance with the appropriate California Codes and Regulations.

FINDING NO. 4. *Fifteen of the 19 responding school districts both community college, and the County Superintendent do have special tracking accounts. However, for many of the reporting districts, these designated accounts do not contain sufficient detail to verify compliance with the Cardenas Textbook Act of 2000.*

RESPONSE: This finding does not apply to Hartnell Community College District as the District does account for the use of Lottery funds in sufficient detail to verify compliance with the Cardenas Textbook Act of 2000.

RECOMMENDATION NO. 1. *The County Superintendent and all Monterey County school districts receiving revenue from the California Lottery verify that they have established and are maintaining separate accounts for the receipt and expenditure of these funds as required by Section 8880.5 of the California Government Code.*

RESPONSE: Hartnell Community College District verifies that separate accountings have been established and are maintained to account for receipts and expenditure of Lottery funds in accordance with California Government Code Section 8880.5.

RECOMMENDATION NO. 2. *The County superintendent and all Monterey County school districts review their accounting practices to facilitate tracking and compliance with the new requirements of California's Cardenas Textbook Act of 2000 as defined in Section 8880.4 of the California Government Code.*

RESPONSE: Hartnell Community College District's review of its accounting practices indicates that the accounting is sufficient to facilitate tracking and compliance with the requirements of California's Cardenas Textbook Act of 2000 pursuant to California Government Code Section 8880.4.

The District has always complied with the codes and regulations pertaining to the receipt and use of Lottery funds. This compliance continues with the changes described by the Proposition 20 Cardenas Textbook Act of 2000.

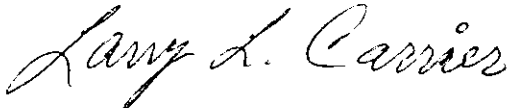
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The District significantly exceeded the Proposition 20 requirements for purchases of instructional materials in the first two years of 1998-1999 and 1999-2000.

If there are any questions or concerns, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Larry L. Carrier".

Larry L. Carrier
Vice President, Administrative Services

LLC:dlb